

Geico insurance company

[Business](#), [Company](#)



GEICO stands for Government Employees Insurance Company and it was founded by Leo Goodwin in 1963 with an aim of providing auto insurance cover to the Federal government employees and their families. Although the name government appears on the initials of GEICO, it has been privately owned since its formation. As of the year 2007 GEICO had more than 9 million policy holders all over the United States. GEICO has been very notable because of its television advertisements and the campaigns that it conducts in the market. The Company has changed its mascot which is a gecko due to the changing marketing trends in the market.

Previously the Company used a gecko that had an American accent but it later changed to a Cockney accent aimed at widening its market. When it was founded GEICO targeted the federal employees with the assumption that this group consisted of a pool of insured's who are more stable financially and at the same time less risky as compared to the general public. Due to the rapidly changing environment GEICO began to insure the general public in 1970, this was as a result of the availability of real time computerized driving records all over the United States.

GEICO later became fully owned by Berkshire Hathaway in 1966 and it has remained in that position up to date. GEICO has been known to be a company that deals with its customers directly through the telephone or the internet and therefore it has been able to save the expenses that would have been used to hire insurance agents to market its products in the field. This method of dealing with customers has enabled GEICO become the third largest insurance company that is a direct writer of private automobiles in the United States.

The rapidly changing environment has again forced GEICO to currently hire a small number of insurance agents in the field, most of these agents are located near military bases but currently it has started deploying its agents in various locations other than near military bases. Although GEICO is position three in its industry it is still faced with stiff competition. The major competitors to this company include: Allstate, Nationwide, USAA, Progressive and State Farm.

Progressive is the major competitor of GEICO as seen in the advertisements of GEICO that counter the claims made by progressive that it can quote the rates of GEICO and other competitors in the industry. GEICO believes that by advertising its services it can increase its revenue because many people get to know what they are offering. GEICO has budgeted \$800 million to be spent on advertising this year which is more than what its competitors have budgeted for the same and therefore it believes this will increase its number of customers.

Compared to what the company spent in 1995 for advertising (\$20 million) it is clear that the company is changing with the rapidly changing business environment. The company uses advertisements that contain the message aimed at convincing the public that by switching to GEICO they can savemoney; these advertisements have caused more people to make phone calls to the company and others to check the company's website because people feel that saving about \$1000 is really a good deal.

Some of the major advertisements that have been used by GEICO include: the individual Ads with an example of a man whose auto insurer failed to give him a loaner car and therefore he leaves his house covered by magnets

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and then attaches himself to a passing car, the company has also used the popular Ad of GEICO gecko which focuses on its mascot of a reptile, parodies are also common, bland salesman, the company has also used Ads that compose of successful stories of its customers narrated by celebrities like Little Richard, cavemen, it also launched a social network which is called my great rides in the year 2007, GEICO racing, Online Ads, the real scoop and currently the company has introduced Kash which is an Ad showing the money one could save by switching to GEICO for auto insurance. The company currently has 3, 200 employees at its Stafford office and this are as a result of the rapid growth that the company is going through. Due to the rapid change in the market environment and the issue of globalization the company has plans of offering its insurance services in China (Bill, 2009). GEICO targets clients who are between the age of 25 and 49 because of the fact that the young people are pleased with the way technology has been used to simplify their lives and this means that they are likely to option for the direct auto insurance.

This group of people always needs the best quality of services and they need services that they can access any time the need arises and GEICO believes it can conform to these conditions. The company has a target size of one million people all over the United States. The major challenge that the company faces is convincing the customers to switch to their services. The leading companies in this industry use the traditional method of doing businesses through agents but GEICO has noted that consumers have become more comfortable by talking to the company directly and also

controlling a number of aspects of their lives and therefore the role of the agent seems to be disappearing.

GEICO feels that currently most of the consumers are finding the process of getting a car insurance to be very long and complicated and therefore it has come up with a market strategy that is aimed at letting its consumers shop for car insurance on the company's website. The company used TV advertisements to inform its consumers about the new method of shopping for car insurance available on its website. The company used an advertisement that portrayed the method of shopping on its website as a very simple method such that even a caveman could do it. This marketing strategy resulted to GEICO increasing its policy holders by 10.7% in the year 2006 and this made it the fastest growing auto insurance company in the United States.

The founders of GEICO introduced the idea of selling the insurance policies directly to the consumers by use of mails, the company today has maintained the same idea but because of the rapid changing environment the company has abandoned the use of mails and instead uses the internet and the telephone. Consumers appreciated the approach that was taken by GEICO because they could reach an insurance professional at any time of the day and be able to file a claim at any time unlike the agent based system where one is limited to the working hours of the agent. The company has also used the advertisement of the gecko because most people mispronounced the company's name to be gecko.

Successful past advertisements have proven that animals create a strong connection between the customers and the company and this made GEICO

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adopt the advertisement of gecko in the year 1999. In conclusion the company has been successful in its operations; this can be clearly seen in that the company is ranked third in the United States in the industry of providing private auto insurance. The company is also the fastest growing company in the industry and it has attained more than nine million policy holders. WORD COUNT 1, 231 WORDS REFERENCE LIST Bill Freehling, 2009, 'Oracle' says insurer's future looks promising, Fredericksburg, Vol. 3, No. 507, on line, URL: <http://fredericksburg.com/News/FLS/2009/052009/05072009/463989>, retrieved on 2nd July 2009 at 17: 19